



[4335-30]

DEPARTMENT OF THE INTERIOR

Office of Natural Resources Revenue

[Docket No. ONRR-2011-0020; DS63610000 DR2PS0000.CH7000 156D0102R2]

Agency Information Collection Activities: Royalty and Production Reporting— OMB Control Number 1012-0004; Comment Request

AGENCY: Office of Natural Resources Revenue (ONRR), Interior.

ACTION: Notice of renewal of an existing Information Collection.

SUMMARY: To comply with the Paperwork Reduction Act of 1995 (PRA), ONRR is inviting comments on an information collection request that we have submitted to the Office of Management and Budget (OMB) for review and approval. This Information Collection Request (ICR) covers the paperwork requirements under title 30, *Code of Federal Regulations* (CFR), parts 1210 and 1212. There are three forms associated with this information collection. This notice also provides the public a second opportunity to comment on the paperwork burden of the regulatory requirements.

DATES: Submit written comments on or before **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: You may submit your written comments directly to the Desk Officer for the Department of the Interior, Office of Information and Regulatory Affairs, OMB, by email to OIRA_Submission@omb.eop.gov or telefax at (202) 395-5806. Please also mail a copy of your comments to Mr. Luis Aguilar, Regulatory Specialist, ONRR, P.O. Box

25165, MS 61030A, Denver, Colorado 80225-0165, or email *Luis.Aguilar@onrr.gov*.

Please reference OMB Control Number 1012-0004 in your comments.

FOR FURTHER INFORMATION CONTACT: For questions on technical issues, contact Ms. LeeAnn Martin, Reporting & Solid Mineral Services, ONRR, telephone (303) 231-3313, or email at *LeeAnn.Martin@onrr.gov*. For other questions, contact Mr. Luis Aguilar, telephone (303) 231-3418, or email *Luis.Aguilar@onrr.gov*. You may also contact Mr. Aguilar to obtain copies (free of charge) of (1) the ICR, (2) any associated forms, and (3) the regulations that require the subject collection of information. You may also review the information collection request online at <http://www.reginfo.gov/public/do/PRAMain>.

SUPPLEMENTARY INFORMATION:

I Abstract

The Secretary of the United States Department of the Interior is responsible for mineral resource development on Federal and Indian lands and the Outer Continental Shelf (OCS). The Secretary's responsibility, according to various laws, is to manage mineral resource production from Federal and Indian lands and the OCS, collect the royalties and other mineral revenues due, and distribute the funds collected in accordance with applicable laws. The Secretary also has a trust responsibility to manage Indian lands and seek advice and information from Indian beneficiaries. ONRR performs the minerals revenue management functions for the Secretary and assists the Secretary in carrying out the Department's trust responsibility for Indian lands. Public laws pertaining to mineral leases on Federal Indian lands are available on our website at http://www.onrr.gov/Laws_R_D/PubLaws/default.htm.

When a company or an individual enters into a lease to explore, develop, produce, and dispose of minerals from Federal or Indian lands, that company or individual agrees to pay the lessor a share in an amount or value of production from the leased lands. The lessee, or the designee, must report various kinds of information to the lessor relative to the disposition of the leased minerals. Such information is generally available within the records of the lessee or others involved in developing, transporting, processing, purchasing, or selling of such minerals. The information that ONRR collects includes data necessary to ensure that the lessee accurately values and appropriately pays all royalties and other mineral revenues due.

Reporters submit information into the ONRR financial accounting system that includes royalty, rental, bonus, and other payment information; sales volumes and values; and other royalty values. ONRR uses the accounting system to compare production volumes with royalty volumes to verify that companies reported and paid proper royalties for the minerals produced. Additionally, we share the data electronically with the Bureau of Safety and Environmental Enforcement, Bureau of Land Management, Bureau of Indian Affairs, and Tribal and State governments so they can perform their lease management responsibilities.

We use the information collected in this ICR to ensure that companies properly pay royalties based on accurate production accounting on oil, gas, and geothermal resources that they produce from Federal and Indian leases. The requirement to report accurately and timely is mandatory. Please refer to the chart for all reporting requirements and associated burden hours.

Royalty Reporting

Payors (Reporters) must report, according to various regulations, and remit royalties on oil, gas, and geothermal resources that they produced from leases on Federal and Indian lands. ONRR uses the following form for royalty reporting:

Form ONRR-2014, Report of Sales and Royalty Remittance. Reporters submit this form monthly to report royalties on oil, gas, and geothermal leases, certain rents, and other lease-related transactions such as transportation and processing allowances, lease adjustments, and quality and location differentials.

Production Reporting

Operators (Reporters) must submit, according to various regulations, production reports if they operate a Federal or Indian onshore or offshore oil and gas lease or federally approved unit or communitization agreement. We use the ONRR financial accounting system to track minerals produced from Federal and Indian lands, from the point of production to the point of disposition or royalty determination and/or point of sale. The reporters use the following forms for production accounting and reporting:

Form ONRR-4054, Oil and Gas Operations Report (OGOR). Reporters submit this form monthly for all production reporting for Outer Continental Shelf, Federal, and Indian leases. ONRR compares the production information with sales and royalty data that reporters submit on Form ONRR-2014 to ensure that the latter reported and paid the proper royalties on the oil and gas production to ONRR. ONRR uses the information from OGOR parts A, B, and C to track all oil and gas from the point of production to the point of first sale, or other disposition.

Form ONRR-4058, Production Allocation Schedule Report (PASR). Reporters submit this form monthly. The facility operators manage the facilities and measurement

points where they commingle the production from an offshore Federal lease or metering point with production from other sources before they measure it for royalty determination. ONRR uses the data to determine if the payors reported reasonable sales.

OMB Approval

We are requesting OMB's approval to continue to collect this information. Not collecting this information would limit the Secretary's ability to discharge the duties of the office and may also result in the loss of royalty payments. Proprietary information submitted is protected, and there are no questions of a sensitive nature included in this information collection. It is mandatory that the reporters submit Forms ONRR-2014, ONRR-4054, and ONRR-4058.

II. Data

Title: 30 CFR Parts 1210 and 1212, Royalty and Production Reporting.

OMB Control Number: 1012-0004.

Bureau Form Number: Forms ONRR-2014, ONRR-4054, and ONRR-4058.

Frequency: Monthly.

Estimated Number and Description of Respondents: 3,870 oil, gas, and geothermal reporters.

Estimated Annual Reporting and Recordkeeping "Hour" Burden: 337,933 hours.

We have not included in our estimates certain requirements that companies perform in the normal course of business, and that ONRR considers usual and customary. We display the estimated annual burden hours by CFR section and paragraph in the following chart.

Respondents' Estimated Annual Burden Hours

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
30 CFR 1210—FORMS AND REPORTS				
Subpart B—Royalty Reports—Oil, Gas, and Geothermal Resources				
1210.52 (a) and (b)	1210.52 What royalty reports must I submit? You must submit a completed Form ONRR–2014, Report of Sales and Royalty Remittance, to ONRR with: (a) All royalty payments; and (b) Rents on nonproducing leases, where specified in the lease.	Form ONRR-2014		
		Electronic* (approximately 99 percent)		
		3 min. per line	4,688,216	234,411
1210.53 (a), (b), and (c)	1210.53 When are my royalty reports and payments due? (a) Completed Forms ONRR–2014 for royalty payments and the associated payments are due by the end of the month following the production month (see also §1218.50). (b) Completed Forms ONRR–2014 for rental payments, where applicable, and the associated payments are due as specified by the lease terms (see also §1218.50). (c) You may submit reports and payments early.	Manual* (approximately 1 percent)		
		7 min. per line	47,356	5,526
1210.54 (a), (b), and (c)	1210.54 Must I submit this royalty report electronically? (a) You must submit Form ONRR–2014 electronically unless you qualify for an exception under §1210.55(a). (b) You must use one of the following electronic media types, unless ONRR instructs you differently * * * (c) Refer to our electronic reporting guidelines in the ONRR Minerals Revenue Reporter Handbook, for the most current reporting options, instructions, and security measures. The handbook may be found on our Internet Web site or you may call your ONRR customer service representative * * * * * * * *			
SUBTOTAL FOR ROYALTY REPORTING			4,735,572	239,937
Subpart C—Production Reports—Oil and Gas				

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
<p>1210.102 (b)(1)</p> <p>1210.102 (b)(2)(i)- (vi)</p>	<p>(b) Form ONRR–4058, Production Allocation Schedule Report. If you operate an offshore facility measurement point (FMP) handling production from a Federal oil and gas lease or federally approved unit agreement that is commingled (with approval) with production from any other source prior to measurement for royalty determination, you must file Form ONRR–4058.</p> <p>(1) You must submit Form ONRR–4058 for each calendar month beginning with the month in which you first handle production covered by this section.</p> <p>(2) Form ONRR–4058 is not required whenever all of the following conditions are met:</p> <p>(i) All leases involved are Federal leases;</p> <p>(ii) All leases have the same fixed royalty rate;</p> <p>(iii) All leases are operated by the same operator;</p> <p>(iv) The facility measurement device is operated by the same person as the leases/agreements;</p> <p>(v) Production has not been previously measured for royalty determination; and</p> <p>(vi) The production is not subsequently commingled and measured for royalty determination at an FMP for which Form ONRR–4058 is required under this part.</p>	Burden hours covered under 1210.104(a) and (b).		
<p>1210.103 (a) and (b)</p>	<p>1210.103 When are my production reports due?</p> <p>(a) The ONRR must receive your completed Forms ONRR–4054 and ONRR–4058 by the 15th day of the second month following the month for which you are reporting.</p> <p>(b) A report is considered received when it is delivered to ONRR by 4 p.m. mountain time at the addresses specified in §1210.105. Reports received after 4 p.m. mountain time are considered received the following business day.</p>	Burden hours covered under 1210.104(a) and (b).		

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
1210.104 (a), (b), and (c)	1210.104 Must I submit these production reports electronically? (a) You must submit Forms ONRR–4054 and ONRR–4058 electronically unless you qualify for an exception under §1210.105. (b) You must use one of the following electronic media types, unless ONRR instructs you differently * * * (c) Refer to our electronic reporting guidelines in the ONRR <i>Minerals Production Reporter Handbook</i> , for the most current reporting options, instructions, and security measures. The handbook may be found on our Internet Web site or you may call your ONRR customer service representative * * * * * * * *	Form ONRR-4054 (OGOR)		
		Electronic* (approximately 99 percent)		
		1 min. per line	5,688,962	94,816
		Manual* (approximately 1 percent)		
		3 min. per line	57,464	2,873
		TOTAL OGOR	5,746,426	97,689
		Form ONRR-4058 (PASR)		
		Electronic* (approximately 99 percent)		
		1 min. per line	17,820	298
		Manual* (approximately 1 percent)		
		3 min. per line	180	9
		TOTAL PASR	18,000	307
Subpart D—Special-Purpose Forms and Reports— Oil, Gas, and Geothermal Resources				
1210.155	1210.155 What reports must I submit for Federal onshore stripper oil properties? (a) <i>General.</i> Operators who have been granted a reduced royalty rate by the Bureau of Land Management (BLM) under 43 CFR 3103.4–2 must submit Form ONRR–4377, Stripper Royalty Rate Reduction Notification, under 43 CFR 3103.4–2(b)(3). * * * * *	Burden covered under OMB Control Number 1012-0005.		
SUBTOTAL FOR PRODUCTION REPORTING			5,764,426	97,996
PART 1212—RECORDS AND FILES MAINTENANCE				
Subpart B—Oil, Gas and OCS Sulphur—General				

30 CFR Part 1210	Reporting and Recordkeeping Requirement	Hour Burden	Average Number of Annual Responses (lines of data)	Annual Burden Hours
1212.50	<p>1212.50 Required recordkeeping and reports.</p> <p>All records pertaining to offshore and onshore Federal and Indian oil and gas leases shall be maintained by a lessee, operator, revenue payor, or other person for 6 years after the records are generated unless the recordholder is notified, in writing, that records must be maintained for a longer period * * *.</p> <p>[In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.]</p>	Burden hours covered under 1210.54(a), (b), and (c); and 1210.104(a) and (b).		
1212.51 (a) and (b)	<p>(a) <i>Records.</i> Each lessee, operator, revenue payor, or other person shall make and retain accurate and complete records necessary to demonstrate that payments of rentals, royalties, net profit shares, and other payments related to offshore and onshore Federal and Indian oil and gas leases are in compliance with lease terms, regulations, and orders * * *.</p> <p>(b) Period for keeping records. Lessees, operators, revenue payors, or other persons required to keep records under this section shall maintain and preserve them for 6 years from the day on which the relevant transaction recorded occurred unless the Secretary notifies the record holder of an audit or investigation involving the records and that they must be maintained for a longer period * * *.</p> <p>[In accordance with 30 U.S.C. 1724(f), Federal oil and gas records must be maintained for 7 years from the date the obligation became due.]</p>	Burden hours covered under 1210.54(a), (b), and (c); and 1210.104(a) and (b).		
TOTAL FOR ROYALTY AND PRODUCTION REPORTING			10,499,998	337,933

* **Note:** ONRR considers each line of data as one response/report.

Estimated Annual Reporting and Recordkeeping “Non-hour” Cost Burden:

We have identified non-hour costs for this collection of information for the implementation of system changes and new setups in the accounting system. Based on information provided by participants, we estimate that the average total non-hour cost for each participant is approximately \$7,200. Since there are an estimated 3,870 respondents, the total estimated non-hour costs are \$27,864,000 ($\$7,200 \times 3,870 = \$27,864,000$). This equates to an annual non-hour cost of \$9,288,000 for this ICR renewal. It is important to note that these are one-time costs due to the regulation changes implemented in May of 2015 and are not expected to continue past this ICR renewal period.

III. Request for Comments

Section 3506(c)(2)(A) of the PRA requires each agency to “* * * publish a 60-day notice in the *Federal Register* * * * and otherwise consult with members of the public and affected agencies concerning each proposed collection of information * * *.”

Agencies must specifically solicit comments to: (a) evaluate whether the proposed collection of information is necessary for the agency to perform its duties, including whether the information is useful; (b) evaluate the accuracy of the agency’s estimate of the burden of the proposed collection of information; (c) enhance the quality, usefulness, and clarity of the information to be collected; and (d) minimize the burden on the respondents, including the use of automated collection techniques or other forms of information technology.

To comply with the public consultation process, we published a notice in the *Federal Register* on May 15, 2015 (80 FR 28003), announcing that we would submit this ICR to

OMB for approval. The notice provided the required 60-day comment period. We received no comments in response to the notice.

If you wish to comment in response to this notice, you may send your comments to the offices listed under the ADDRESSES section of this notice. The OMB has up to 60 days to approve or disapprove the information collection but may respond after 30 days. Therefore, to ensure maximum consideration, OMB should receive public comments by [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Public Disclosure Statement: The PRA (44 U.S.C. 3501 *et seq.*) provides that an agency may not conduct or sponsor—and a person is not required to respond to—a collection of information unless it displays a currently valid OMB control number.

Public Comment Policy: ONRR will post all comments, including names and addresses of respondents at <http://www.regulations.gov>. Before including Personally Identifiable Information (PII), such as your address, phone number, email address, or other personal information in your comment(s), you should be aware that your entire comment (including PII) may be made available to the public at any time. While you may ask us in your comment to withhold PII from public view, we cannot guarantee that we will be able to do so.

Dated: November 24, 2015.

Gregory J. Gould,
Director,
Office of Natural Resources Revenue,
[FR Doc. 2015-31289 Filed: 12/10/2015 8:45 am; Publication Date: 12/11/2015]